

COMMODITY FUTURES TRADING COMMISSION**FORM DCM****CONTRACT MARKET
APPLICATION OR AMENDMENT TO APPLICATION FOR DESIGNATION****COVER SHEET**

Small Exchange, Inc.

Exact name of Applicant as specified in charter19 North Sangamon St.
Chicago, IL 60607
USA_____
Address of principal executive offices☒ If this is an **APPLICATION** for designation, complete in full and check here.☐ If this is an **AMENDMENT** to an application, or to an existing designation, list all items that are amended and check here.

_____	_____
_____	_____
_____	_____
_____	_____

GENERAL INFORMATION

1. Name under which the business of the designated contract market is or will be conducted, if different than name specified above (include acronyms, if any):

Small Exchange

SMFE

2. If name of designated contract market is being amended, state previous designated contract market name:

N/A

3. Contact information, including mailing address if different than address specified above:

Same as above

Number and Street_____
City_____
State_____
Country_____
Zip Code

312.858.7001

800.469.4452

Main Phone number

Fax

www.thesmallexchange.com

droberts@thesmallexchange.com

Website URL

E-mail Address

4. List of principal office(s) and address(es) where designated contract market activities are/will be conducted:

OfficeAddress

Same as above

5. If Applicant is a successor to a previously designated contract market, please complete the following:

- a. Date of succession

N/A

- b. Full name and address of predecessor designee

Name

Number and Street

City

State

Country

Zip Code

Main Phone Number

Website URL

BUSINESS ORGANIZATION

6. Applicant is a:



Corporation



Partnership



Limited Liability Company



Other form of organization (specify) _____

7. Date of incorporation or formation: **October 13th, 2017**

8. State of incorporation or jurisdiction of organization: **Delaware**

9. Applicant agrees and consents that the notice of any proceeding before the Commission in connection with this application may be given by sending such notice by certified mail to the person named below at the address given.

Donald Eugene Roberts President and CEO

Print Name and Title

Small Exchange, Inc.

Name of Applicant

19 North Sangamon St.

Number and Street

Chicago

IL

60607

City

State

Zip Code

SIGNATURES

10. The Applicant has duly caused this application or amendment to be signed on its behalf by the undersigned, hereunto duly authorized, this **4th** day of **December**, 2018. The Applicant and the undersigned represent hereby that all information contained herein is true, current, and complete. It is understood that all required items and Exhibits are considered integral parts of this Form DCM and that the submission of any amendment represents that all un-amended items and Exhibits remain true, current, and complete as previously filed.

Small Exchange, Inc.

Name of Applicant

Donald E. Roberts

Signature of Duly Authorized Person

Donald Eugene Roberts President and CEO

Print Name and Title of Signatory



Small Exchange, Inc.
19 North Sangamon St.
Chicago, IL 60607

December 4, 2018

VIA EMAIL Office of the Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Small Exchange, Inc. Application for Designation as a Designated Contract Market
("DCM")

Dear Mr. Christopher J. Kirkpatrick,

Enclosed please find the application for Small Exchange Inc. (the "Exchange") to be designated as a contract market pursuant to Section 5(b) of the Commodity Exchange Act, as amended (the "Act"), and Part 38 of the regulations promulgated by the Commodity Futures Trading Commission (the "Commission") thereunder. The Exchange has submitted its application pursuant to the instructions set forth in Form DCM providing response to Exhibits A through V as attached

We are submitting simultaneously a petition for confidential treatment of the application materials pursuant to Commission Regulations with this letter as Exhibit U.

On behalf of the Exchange, we respectfully request that the Exchange be provided with advance notice by telephone and letter of any request to the Commission to disclose these documents so that the Exchange and its counsel may be heard on the question of propriety of any proposed disclosure. Such notice may be provided at the address and telephone number as provided with the application.

Overview

Governance - The Exchange seeks to become a registered Designated Contract Market (DCM) with the Commodity Futures Trading Commission (the "Commission"). The Exchange is organized as a Delaware corporation and operated in the United States. The Exchange will be managed by a Board of Directors in accordance with the By-Laws of the Exchange with designated officers charged with the implementation of short- and long-term strategy, as well as the conduct of the daily operations of the Exchange.

Technology/Trading System - The Exchange's systems are built on proprietary technology that operates the Exchange's trading system, trade monitoring, risk control settings, participant administration and membership functions.



The Exchange's trading system is designed to be fully anonymous from order entry through execution. The Exchange maintains a Central Limit Order Book ("CLOB") of bids and asks for each contract that trades on the Exchange. These CLOBs are used to transparently distribute incoming orders to all Exchange Participants, to accept Participant orders and to match orders in a fair and transparent manner by price-time priority. The Exchange's system will employ a series of risk controls for Direct Market Access Participants and futures commission merchants ("FCMs"). These risk controls include, but are not limited to: authorized trading limits, quantity per order limits, cancel on disconnect, mass cancel, kill switch, price banding and self-trade match prevention capabilities. All DMA market Participants, the Exchange's designated clearing organization ("DCO") and National Futures Association ("NFA") will be provided a risk monitor to surveil the Exchange's marketplace at all times. Further, the Exchange's fully automated electronic trading system will provide complete audit trail information to the National Futures Association (NFA), with whom the Exchange contracts with for certain regulatory services.

Compliance and Surveillance Programs - The Exchange has contracted with the NFA to provide certain regulatory services according to an executed regulatory services agreement ("RSA"). The scope of the RSA includes, but is not limited, to market surveillance, trade practice surveillance, audit trail review, financial surveillance and the pursuit of investigations for disciplinary proceedings to ensure compliance with Commission rules and regulations and Exchange rules, as well as the use of the NFA Arbitration Forum for the resolution of appropriate disputes. Finally, the above-mentioned trade practice and market surveillance activities are in addition to the real-time surveillance performed by the Exchange through utilization of the market supervision tools, procedures and personnel provided by Exchange proprietary systems and Regulatory Department employees.

Membership - The Exchange will offer three types of membership: Individual, Corporate and Clearing.

Product Terms of Futures Contracts - The Exchange intends to offer both futures and options on futures contracts. The Exchange will provide its Participants a suite of proprietary cash-settled indices. The Exchange intends to self-certify the contracts to be traded on the Exchange in accordance with Commodity Exchange Act and all regulations promulgated by the Commission.

Clearance and Settlement - the Exchange is working with a registered Designated Clearing Organization ("DCO") to provide clearance and settlement of Exchange products. LOI is provided as Exhibit T.

Should you have any questions, please contact the undersigned at droberts@thesmallexchange.com.

Kindest Regards,

A handwritten signature in black ink that reads 'Donald E. Roberts'. The signature is written in a cursive, flowing style.

Donald E. Roberts
President and Chief Executive Officer
Small Exchange, Inc.